



Department of Justice

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Eastern District of California

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VALLEJO MEN INDICTED IN OVER \$17 MILLION PONZI SCHEME

SACRAMENTO, Calif.—Acting United States Attorney Lawrence G. Brown announced today that ROBERT CEPHAS BROWN JR., 55, and DUANE ALLEN EDDINGS, 49, both of Vallejo, Calif. were indicted yesterday in regard to a Ponzi scheme based out of Vallejo which defrauded hundreds of people out of more than \$17 million. The indictment, sealed until today, charges BROWN with 18 felony counts including mail fraud, wire fraud, and money laundering and charges EDDINGS with 16 felony counts of mail fraud, wire fraud, and money laundering. BROWN was arrested last night at his sister's home in Vallejo. There is a warrant for EDDINGS arrest.

This case is the product of an extensive investigation by the United States Postal Inspection Service.

According to Assistant United States Attorney Matthew Stegman, who is prosecuting the case, the indictment alleges that from 2001 to the present, defendants BROWN and EDDINGS led potential investors to believe that BROWN was a stock market expert who could make huge profits in both good and bad times. They lured investors through "investment seminars" and word of mouth. They operated under the names Trebor Company ("Robert" spelled backward), Trebor Investment Company, Trebor Seminars, Trebor Group, Trebor Group Fund, and Wise Investors Simply Excel, LLC (WISE).

"Investment fraud schemes perpetrated by scam artists who bilk innocent victims of their hard-earned money will continue to warrant vigorous federal investigations and prosecutions," stated Acting U.S. Attorney Brown.

The indictment alleges that some of the high return investments claimed by BROWN and EDDINGS included a "24 Month/High Yield Loan Agreement" promising 21 percent to 30 percent every four to four and a half months with three payouts annually for a total of 63 percent to 90 percent annually, a "24 Month Gifted Agreement" promising that the money invested, called "the GIFT," will be invested for 24 months, with the investor receiving "the original GIFT amount plus 100 percent accrued interest of said GIFT," and a "Double Diamond Plan" that promised to double the invested principal in three months.

The indictment alleges that BROWN spent investor funds on limousine services for dates with girlfriends, outings to professional football games and concerts, expensive clothes, hotels, restaurants, and a Ferrari Testarossa. Further, he made cash withdrawals of more than \$3.5 million of investor money.

In addition to the criminal case being prosecuted by this office, the United States Securities and Exchange Commission filed a civil lawsuit on July 23, 2008, alleging securities fraud and

obtained an emergency court order prohibiting BROWN from engaging in such fraud. In addition to injunctive relief, the SEC lawsuit also seeks disgorgement of ill-gotten gains, and monetary penalties.

BROWN was arraigned on the felony charges this morning before United States Magistrate Judge Kimberly Mueller. Upon the government's motion that the defendant be held in custody without bond pending trial, Judge Mueller ordered the defendant detained, and set a further detention hearing for Monday, March 2, at 2:00 p.m.

If convicted, the maximum statutory penalty for a violation of either mail fraud or wire fraud involving a financial institution is 30 years in prison and a fine of up to \$1 million, and for money laundering is 10 years in prison and a fine of up to \$250,000 or twice the value of the money laundered, whichever is greater. The actual sentence, however, will be determined at the discretion of the court after consideration of the Federal Sentencing Guidelines, which take into account a number of variables and any applicable statutory sentencing factors.

The charges are only allegations and the defendants are presumed innocent until and unless proven guilty beyond a reasonable doubt.

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